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December 20, 2012

State A =

State B =

Business 1 =

Business 2 =

Business 3 =

Dear :

This ruling responds to your letter dated August 21, 2012, requesting rulings on certain Federal income tax consequences of a proposed transaction. The information submitted in that letter and in later correspondence is set forth below.

The rulings contained in this letter are based on facts and representations submitted by the taxpayer and accompanied by a penalties of perjury statement executed by an appropriate party. This Office has not verified any of the material submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process.

This letter is issued pursuant to section 6.03 of Rev. Proc. 2012-1, 2012-1 C.B. 1, regarding rulings on one or more significant issues solely under the jurisdiction of the Associate Chief Counsel (Corporate) that involve the tax consequences of a transaction (or part of a transaction) occurring in the context of a distribution under section 355 of the Internal Revenue Code of 1986, as amended (Code). This Office expresses no opinion as to the overall tax consequences of the transactions described in this letter or about any issue or step not specifically addressed by this letter. The rulings contained in this letter only address one or more discrete legal issues involved in the transaction.

SUMMARY OF FACTS

Parent is a State A nonprofit corporation that is exempt from Federal income taxation under section 501(c)(3). Parent represents that it is a public charity under section 509(a)(2) and under several subsections of section 170(b)(1)(A). Parent owns the sole membership interest in Distributing, a taxable State A nonprofit corporation. Distributing serves as the holding company for Parent's taxable subsidiaries.

Distributing owns all the stock of Sub 1, a taxable State A for-profit corporation engaged in Business 1, and Controlled, a taxable State A for-profit corporation.

Controlled owns all the stock of Sub 2, a taxable State B for-profit corporation, and Sub 3, a taxable State A for-profit corporation. Controlled and Sub 2 together engage in Business 2. Sub 3 engages in Business 3.

Distributing, Controlled, Sub 1, Sub 2, Sub 3, and Distributing's other includible affiliates join in filing a consolidated Federal income tax return.

THE PROPOSED TRANSACTION

For what are represented to be valid business purposes, Parent has proposed the following series of steps (the "Proposed Transaction"):

- (i) Sub 2 will liquidate into Controlled or convert to an entity disregarded as separate from Controlled for federal tax purposes under Treas. Reg. § 301.7701-3 (a "disregarded entity");
- (ii) Controlled will distribute the Sub 3 stock to Distributing or transfer Sub 3 to another Distributing subsidiary;
- (iii) Distributing will distribute the stock of Controlled to its sole member, Parent (the "Distribution"); and
- (iv) Controlled will liquidate into Parent or convert to a disregarded entity (the "Controlled Liquidation").

REPRESENTATION

Parent has made the following representation in connection with the Proposed Transaction:

To the best knowledge and belief of Parent, the Distribution qualifies under section 355(a) of the Code.

RULINGS

Based solely on the information submitted and the representation set forth above, we rule as follows:

(1) The Distribution will satisfy the requirement of section 355(a)(1)(A) that the stock of Controlled be distributed with respect to the stock of Distributing, notwithstanding that Parent holds a membership interest, rather than a formal stock ownership interest, in Distributing.

(2) The Distribution will be respected for Federal income tax purposes, notwithstanding the Controlled Liquidation.

CAVEAT

No opinion is expressed or implied concerning the tax consequences of any other aspect of any transaction or item discussed or referenced in this letter. In particular, no opinion is given regarding any other issues related to the Distribution, or the tax consequences or characterization of the Distribution.

PROCEDURAL MATTERS

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

A copy of this ruling letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

Grid R. Glyer

Grid R. Glyer
Assistant to the Chief, Branch 4
Office of Associate Chief Counsel
(Corporate)